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TAGS: [IZ](#) [PGOV](#) [PREL](#) [ECON](#) [ENRG](#) [EPET](#)

SUBJECT: PRIME MINISTER DIRECTS MINISTER OF PLANNING TO
HELP RESTORE SUNNI POLITICAL ENGAGEMENT

Classified By: Deputy Chief of Mission Daniel V. Speckhard for reasons
1.4 (b) and (d).

¶1. (C REL GBR) Summary: In a meeting with the Deputy Chief of Mission on Sunday, July 1, Minister of Planning Ali Baban said that the Prime Minister called him back from a visit with his family in England to help solve "the problem he created," with regard to Tawafuq's denial of support for the draft hydrocarbon laws pending consideration in the Council of Ministers. Baban told the PM on Saturday that he intended to participate in Cabinet meetings on the critical hydrocarbon legislation despite a general Tawafuq withdrawal from participation Cabinet meetings because of his concerns over both the framework law and the revenue management law. The PM urged Baban to assist in calming down Tawafuq, riled by a perceived disinclination of PM Maliki to engage the Sunni as partners. Minister Baban expressed support for the limited application of Section 607 funds for the importation of fuel for the Ministry of Electricity. End summary.

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Legal Allegations Exacerbate Sunni Disaffection
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¶2. (C REL GBR) Minister Baban said that legal action pending against Sunni Minister of Culture Dr. Asad Al Hashemi has been interpreted as an unequal application of justice considering the numerous GOI officials with latent accusations against them. He said that the allegations have exacerbated a perceived disinclination of PM Maliki to engage the Sunni as partners. Baban said that Tawafuq members are not uniformly in favor of the withdrawal from Cabinet meetings, but stated that the majority of supporters do not believe that the Sunni have gained anything from participation in the national unity government.

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Maintaining the Hydrocarbon Legislation Dialogue
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¶3. (C REL GBR) Minister Baban told the PM on Saturday that he intended to participate in Cabinet meetings on critical hydrocarbon legislation despite a general Tawafuq withdrawal from participation Cabinet meetings. He said he is willing to keep negotiating on the laws, but remains intransigent on his "technical" objections, such as strengthening the language empowering the Federal Oil and Gas Council to authorize contracts, adding specific restrictions to the conclusion of Production Sharing Agreements (PSAs), preserving a greater role for the federal budget in the revenue management process, and ensuring central oversight over the budgets of regions. The Minister said that, as a political assurance, the PM offered to oppose PSAs when they reached the Council of Ministers, but that Baban insisted that conditions be included in the law that limit use of this type of contract. Baban agreed that he could stand by his objections while other Tawafuq members approved the laws) that he had even had a conversation with Vice President al-Hashemi on the matter, but told us that other Cabinet officials also shared

his concerns.

¶4. (C REL GBR) The DCM urged the Minister to take a more constructive approach to the issue, noting that Tawafuq may be overplaying its hand and had a great deal to lose by blocking this legislation. He underlined the strong role for the central government in both pieces of legislation, the ability to address additional issues through implementing regulations, and the importance of locking in the agreement with the Kurds that had ceded additional authorities to the central government.

Support for Limited Use of Section 607 Funds

¶5. (C REL GBR) On the topic of the use of Section 607 funds to help meet immediate Iraqi needs, Baban expressed support for the limited application of the vehicle for the importation of fuel for the Ministry of Electricity (MoE). The DCM described a plan outlined to him earlier by the Minister of Electricity in which \$50M of MoE resources would be allocated for a 607 contract while \$100M would be used by the MoE to directly contract for fuel. Baban said that such an arrangement should dispel misgivings of officials that utilization of the 607 vehicle would undermine the function of the GOI, and he promised to be supportive.
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